



NORFOLK

Inter Departmental Memorandum

TO: Norfolk City Council

FROM: Bryan Pennington, Director of Intergovernmental Relations

COPIES TO: Constitutional Officers, Council Appointees, and Senior Executive Staff

SUBJECT: 2014 General Assembly Activity Report # 7, week ending 2/28/14

DATE: February 28, 2014

[Norfolk's 2014 Legislative Priorities](#), adopted by Council Resolution, requests the 2014 General Assembly to consider: 3 Budget Amendment Requests; 3 Legislative Requests; and 10 Legislative Priorities. This memo is intended to be an update to last week's GA Activity Report # 6, week ending 2/21/14.

GA Activity Report # 7 has been organized to provide brief updates on the city's legislative requests and priorities and for the purpose of identifying other relevant legislative bills/amendments of interest or concern to the Administration.

All of Norfolk's 2014 priority legislative requests have passed the General Assembly

1. **Request for the General Assembly to establish a 2 year joint subcommittee to formulate statewide recommendations for addressing recurrent flooding.** [SJ 3 \(Locke\)](#) / [SJ 34 \(McWaters\)](#) / [HJ 16 \(Stolle\)](#):

SJ 3 (Locke) / HJ 16 (Stolle) have passed both chambers and will now be sent to the Governor for his review and anticipated approval.

2. **Norfolk City Charter changes re: statutorily required public meetings and the creation of a deputy chief of police position.** [SB 198 \(Alexander\)](#) / [HB 399 \(A. Howell\)](#):

Norfolk has combined two City Charter amendment requests into one legislative bill. The Council has requested to change Norfolk's Charter so that the Council is only statutorily required to meet once per month, like most Virginia local governments. The second City Charter amendment seeks to authorize the creation of a new Deputy Chief of Police position.

SB 198 (Alexander) and HB 399 (A. Howell) have passed both chambers and are being sent to the Governor for his review and anticipated approval.

3. **Request to increase Norfolk School Board Member Term from 2 years to 3 years.** [SB 90 \(Alexander\)](#) / [HB 401 \(A. Howell\)](#):

SB 90 (Alexander) and HB 401 (A. Howell) have passed both chambers and have been approved by the Governor as Chapter 5 of the 2014 Acts of the General Assembly.

The term for Council's school board member appointments will now lawfully increase from a 2 year appointment to a 3 year appointment term effective July 1, 2014. Initial school board member terms will be staggered so that the terms of four members expire in odd-numbered years and the terms of three members expire in even-number years.

Budget Conferee Recommendations (Not in priority order):

The House Appropriations and Senate Finance Committees released their versions of the budget for the remainder of the current fiscal year (HB 29/SB 29) and for the upcoming biennium (HB 30/SB 30). A complete list of State Budget amendments can be found at these links: [HB 29](#) / [SB 29](#) and [HB 30](#) / [SB30](#). (<http://leg2.state.va.us/MoneyWeb.NSF/Bud2014>)

Medicaid aside, two budgets are only about \$26 million apart — out of a more than \$90 billion, two-year spending blueprint. The Senate budget has about \$41 million more than the House plan in K-12 education funding, while the House spends \$34 million more in higher education.

The Senate plan calls for about \$10 million more in spending for mental health funding and \$10 million more in economic development. However, Governor McAuliffe said Wednesday that he told negotiators from the House that he had some “very serious concerns” about some of the revenue items, saying the House version of the budget has six or seven items that have been “pulled out of thin air.”

Specifically, Governor McAuliffe said he was concerned about some of the money the House budget took out of the Governor's Opportunity Fund, cybersecurity and wind technology. The governor also said he does not support earmarks on transportation projects, which he said should go through a process, and promised to send a letter to the negotiators on Friday outlining his concerns and priorities for the budget.

Overall, both the House and Senator budget plans, as described by the House Appropriations Chairman Chris Jones as “pretty straightforward and not very complicated” — a task that could be easily accomplished by the end of the scheduled session. But less than two weeks from the scheduled adjournment, both sides appear dug in on Medicaid expansion.

Below are Norfolk's Prioritized Budget Conference Report recommendations:

K-12 Education

1. Extended School Year Grants

- The Introduced Budget provided \$613,312 each year to provide grants for planning or start-up extended day or year schedules.
- The Senate budget adds \$2.4 million per year to introduced budget and allows for grants of up to \$300,000 per school.

- Without this added funding, only two schools in the Commonwealth would have sufficient funding to implement the extended year model.
- The Joint Legislative Audit and Review Committee (JLARC) completed a study in October 2012 on Year Round Schools that found SOL test scores of at-risk student groups were more likely to increase at a faster rate at extended year schools
- Support the Senate's budget appropriation for extended school year grants.

2. Virginia Preschool Initiative (VPI)

- Two years ago, the state budget included a change to the Virginia Preschool Initiative (VPI) formula calculation that would reduce the total number of VPI slots allocated so that the allocation is based on kindergarten enrollment, rather than population estimates.
- For the last two years, localities that would have lost VPI slots under this change to the formula were "held harmless" and continued to receive the same number of slots that they had used for at-risk 4 year old students since FY12.
- Senate budget provides \$3.6 million GF each year and adds language to ensure that every school division receives at least the same number of VPI classroom slots in 2014-16 biennium as were actually used in FY 2014.
- Senate amendment corrects a flaw due to the recent change in methodology whereby 32 school divisions were calculated to receive fewer slots than they actually used in FY 2014.
- If unchanged, this would have the counterproductive result of reducing the number of children who could participate in many districts with high achievement gaps and shift slots to localities that are unlikely to use them.
- Senate budget also provides \$1.4 million in the second year to increase the \$6,000 per pupil amount by \$98 (inflation) and directs the Dept. of Education to update Head Start enrollment with the most recent information.
- Support the Senate's budget appropriation for VPI. This is a very important program to Norfolk, who stands to lose 251 VPI slots if the General Assembly does not address.

3. K-3 Class Size funding

- Senate budget reduces K-3 Class-Size funding by \$5.2 million GF each year by using a three-year average of free lunch eligibility instead of the latest one year data.
- The proposal reduces state funding because free lunch eligibility has been steadily rising and this proposal would delay the recognition of this rising trend.
- The K-3 class-size formula correlates higher free lunch eligibility to funding for lower K-3 class-sizes.
- The Senate proposal would reduce funding, which could lead to higher class sizes in early grades for schools with higher levels of at risk students.
- This program is an important tool in schools with achievement gaps and particularly important as funding for teachers' aides has been reduced significantly in previous years.

4. Non-Personal Support Inflation

- The introduced budget proposed saving \$38.1 million GF the first year and \$38.3 million GF the second year by eliminating the inflation update of the FY 2012 base year non-personal costs, including textbooks, pupil transportation, utilities, insurance, and health care premiums, up to the beginning of FY 2015.
- Senate budget restores 75 percent of the inflation adjustment, or \$28.7 million GF the first year and \$29.0 million GF the second year.

- Non-personal supports costs are on the rise.

5. Opportunity Education Institute

- The introduced budget included \$600,000 for the OEI.
- The House reduces that amount to \$150,000 and the Senate eliminates the entire amount.
- Support the Senate's OEI budget provision.

6. Unfunded liability of teacher retirement plan

- Neither the House nor the Senate included language that would result in the state sharing a portion of this local government unfunded liability for the teacher retirement plan.
- Local governments are being forced to recognize school teacher unfunded liabilities of the Commonwealth, which negatively impacts local governments' creditworthiness and in some cases limits borrowing abilities.

Urban Redevelopment

1. Housing Trust Fund

- The introduced budget provided \$4 million each year to capitalize the Housing Trust Fund. The House budget removed this funding.
- The Housing Trust Fund is a key link to providing affordable housing to all Virginians.

2. Stormwater Management

- House budget provides \$38.0 million in bonds the first year for grants to local governments for stormwater management projects.
- Senate budget provides \$20.0 million in bonds the first year for grants to local governments for stormwater management projects.
- Improving water quality requires a strong partnership between the State and local governments of all sizes. This adds capacity to meet new standards.
- Support the House's \$38 million budget provision for stormwater management.

Public Safety

1. Aid to Police Departments (HB 599)

- Senate budget adopted the introduced budget increase of \$7.1 million GF the first year and \$14.2 million GF the second year, consistent with the projected increase in GF revenues.
- Senate also added language providing a hold harmless at the FY 2014 level, with all new funds distributed according to the statutory formula.
- House budget adds \$7.1 million GF the first year and level funds the second year. House also added language providing a hold harmless at the FY 2014 level, but it is unclear as to how the House would distribute additional funding above the FY 2014 hold harmless amounts needed.
- This would be the first appropriation increase since FY 2007.
- Progress has been made in reducing the crime rate; it's important to maintain that progress, especially in urban jurisdictions.

2. Jail per Diems

- Senate budget adds \$4.5 million GF in FY 2014 for jail per diems to meet state code requirements. No additional funding provided in the 2014-16 biennium.
- House budget does not fund provide additional funding for jail per diems.

Compensation Board

1. Non-supplanting language

- The introduced budget included state funding for salary increases for selected Compensation Board positions and included language that said localities could use Comp Board funding to supplant local funds.
- The House and Senate both eliminate the non-supplanting language.
- This removal has the effect of negatively impacting cities and counties that have supplemented salaries for Comp Board positions.

2. Compensation and benefits

- The introduced budget included state funding for salary increases for selected Compensation Board positions (entry level sheriff's deputy and entry level court clerk positions).
- The House makes the salary increases for these positions contingent on funding and delays the increases to January 2015.
- The Senate includes contingency funding for a 1 percent salary increase effective December 2014 for state employees and state-supported local employees. This would be in addition to the targeted increases for Comp Board and some state employee positions included in the introduced budget. The Senate also includes a bonus for state employees only effective in December of 2015.

Transportation

1. Primary Road Reconstruction

- Legislation adopted by the 2012 General Assembly session set up a new road construction formula, effectively barring reconstruction projects of primary roads in cities and towns.
- The House approved a budget amendment to make city and town projects eligible for CTB funding. There was no amendment in the Senate budget.
- Support the House budget amendment for primary road reconstruction.

During the General Assembly session, please feel free to contact Bryan Pennington for any questions or concerns at bryan.pennington@norfolk.gov or by cell phone at **757-274-7120**.

2014 General Assembly Session Statistics as of 2/28/14 at 10:30 a.m

| Type | <u>Introduced</u> | <u>Passed House</u> | <u>Passed Senate</u> | <u>Passed</u> | <u>Cont'd to next session</u> | <u>Failed</u> | <u>Pending</u> | <u>Approved</u> | <u>Vetoed</u> |
|--------|-------------------|---------------------|----------------------|---------------|-------------------------------|---------------|----------------|-----------------|---------------|
| H.B. | 1273 | 571 | 422 | 383 | 126 | 615 | 149 | 45 | 0 |
| H.J.R. | 400 | 281 | 265 | 262 | 8 | 59 | 71 | 0 | 0 |
| H.R. | 139 | 107 | 0 | 60 | 0 | 17 | 62 | 0 | 0 |
| S.B. | 672 | 206 | 412 | 179 | 71 | 205 | 217 | 3 | 0 |
| S.J.R. | 169 | 101 | 139 | 101 | 20 | 7 | 41 | 0 | 0 |
| S.R. | 44 | 0 | 35 | 35 | 1 | 2 | 6 | 0 | 0 |
| Totals | 2697 | 1266 | 1273 | 1020 | 226 | 905 | 546 | 48 | 0 |

2014 General Assembly Legislative Calendar

| Date | Events and activities for the 2014 Session |
|------------------------------|---|
| March 3rd | Last day for committee action on legislation |
| March 8th | General Assembly scheduled to adjourn (Sine Die) |
| April 23rd | Reconvened (veto) session |

| Norfolk Senators | Richmond Office # | Norfolk Delegates | Richmond Office # |
|-------------------------|--------------------------|--------------------------|--------------------------|
| Senator K. Alexander | 804-698-7505 | Delegate Hester | 804-698-1089 |
| Senator F. Wagner | 804-698-7507 | Delegate A. Howell | 804-698-1090 |
| Senator L. Lewis | 804-698-7506 | Delegate James | 804-698-1080 |
| | | Delegate Joannou | 804-698-1079 |
| | | Delegate L. Lewis | 804-698-1000 |
| | | Delegate Stolle | 804-698-1083 |

You can watch the Virginia House of Delegates live on the floor at this link:

http://virginia-house.granicus.com/ViewPublisher.php?view_id=3

You can view the Virginia Senate Chamber live on the floor at this link:

http://virginia-senate.granicus.com/ViewPublisher.php?view_id=3